

General Government

Department of General Services

The Department of General Services (DGS) is responsible for management review, control, and support of State agencies as directed by the Governor and specified in statute. The Department provides support services to operating departments to achieve greater efficiency and economy than they can individually achieve. The Budget proposes \$853.5 million and 4,124 personnel years for the Department.

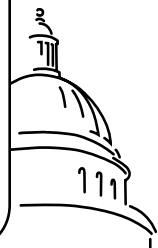
Enhanced Emergency Telephone Services—The Budget proposes \$147.6 million for Emergency Telephone Services, including the following:

- ❖ **Landline 911**—An augmentation of \$10.4 million State Emergency Telephone Number Account (SETNA) to fund the increased cost of reimbursing service providers for Public Safety Answering Point (PSAP) equipment and network and database costs associated with providing enhanced emergency telephone services to landline telephone users in California. These enhanced services include Automatic Number Identification (ANI) and Automatic Location Identification (ALI).
- ❖ **Wireless 911**—\$40 million SETNA to reimburse service providers for PSAP equipment and network and database costs associated with the

continued implementation and maintenance of enhanced wireless service for subscribers in California. This funding represents the second year of implementation for this program, which will result in the ability to provide the same emergency telephone services to wireless customers as those provided to landline customers, including ANI and ALI.

California Portal—The Budget includes an augmentation of \$5.8 million General Fund to support increased functionality and enhanced operation of the California Portal (www.my.ca.gov). The Portal was expanded in response to a tremendous increase in user traffic resulting from the State's energy challenge, which coincided with the Portal's debut in January 2001. In the past year, millions of Californians have accessed the Portal for information and advice about energy conservation, and having discovered the wide range of additional services available through the Portal, have continued to access it. Prior to the creation of the California Portal, hits on the State's home page averaged 300,000 per day. Upon the January 2001 release of the Portal, average daily hits jumped immediately to 600,000, and have steadily increased to the current level of 2.6 million per day. This unanticipated traffic drove the need for enhanced site security, reinforced system architecture, and increased functionality. Though implemented in response to a crisis, these improvements have strengthened the

General Government



ability of the Portal to serve a greater number of Californians—at their convenience. These enhancements provide a stable framework within which individuals can interact with State government, and allow for the rapid dissemination of emergency information to citizens throughout California.

Asset Planning and Enhancement—

The Budget includes \$2 million Property Acquisition Law Money Account (PAL) in the current year and \$1.4 million PAL in the budget year to fund consultant services to assist in the accelerated sale of State property. This proposal will allow DGS to sell another parcel of the Agnews Developmental Center in Santa Clara, the California Institute for Men in Chino, and the Bay Area Research and Extension Center in Santa Clara. The combined sale of these properties is estimated to generate at least \$85 million in additional General Fund revenue in 2002-03.

Office of Emergency Services

In time of major emergency or disaster in California, the Office of Emergency Services (OES) coordinates emergency response activities to save lives, reduce property loss, and expedite recovery. The Governor's Budget proposes \$644.2 million (\$63 million General Fund, \$575.4 million federal funds, and \$5.8 million other funds) and 511 personnel years for OES.

State Strategic Committee on Terrorism—

The Budget proposes \$562,000 and three personnel years in 2002-03 for

support and coordination of the State Strategic Committee on Terrorism (SSCOT). The Committee was established to address and carry out emergency preparedness and response and recovery activities related to acts of terrorism. This augmentation will provide OES with the necessary resources to coordinate federal, state, and local anti-terrorism programs; conduct assessments of the risks associated with terrorist threats; and provide support to the existing statewide regional mutual aid anti-terrorism working groups. Since the September 11 attacks, SSCOT has been directed to evaluate the potential threat of terrorist attacks on the public and private infrastructure that support and protect the people and economy in California, including food and agriculture, transportation, and public health.

Immediately following September 11, OES deployed several Urban Search and Rescue Task Forces to provide assistance and support in the New York City rescue operations. In addition, OES established a toll-free 24-hour Safety Information and Referral Line to address safety concerns of Californians. The information line provides callers with advice on personal and family preparedness as well as a referral network to obtain additional information.

Franchise Tax Board

The Franchise Tax Board (Board) administers the personal income tax, corporation tax, and several non-tax



collection and audit programs, which together contribute over 64 percent of General Fund revenue. The Governor's Budget proposes total expenditures of \$437.4 million and 5,395.8 personnel years to support the Board.

Tax Processing—In 2002-03, the Franchise Tax Board will save \$461,000 in tax return processing costs and 17.1 personnel years because more taxpayers are voluntarily filing their returns electronically. The number of electronically filed returns was up 17 percent last year and is expected to climb another 15 percent in 2001-02 and 16 percent in 2002-03. The Governor's Budget provides additional electronic-file savings by proposing that tax practitioners who prepare 100 or more tax returns file their clients' returns electronically. This measure will save \$2.2 million and 80 personnel years in 2002-03.

The Board's budget also includes an additional \$4.3 million and 53.5 personnel year savings due to other program adjustments. Total reductions, including those that were redirected to generate additional revenue, represent 3 percent of the Board's General Fund budget. This preserves activities needed to ensure collection of the revenues critical to the operation of State government.

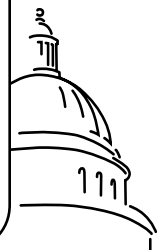
The Budget also proposes to augment auditing and collections to address workload that has a revenue-to-cost return greater than 5:1. An audit augmentation of 44.6 personnel years

and \$4.5 million will return \$52.0 million in 2002-03. A collections augmentation of 78.8 personnel years and \$6.2 million will return \$27.5 million in 2002-03.

In addition, the Budget includes \$288,000 for security improvements at the Fresno Field Office.

Child Support Enforcement—Chapter 479, Statutes of 1999, requires the Board to develop a single, statewide, automated child support collection system to track child support cases, collect payments from delinquent parents, and disseminate payments to the appropriate family. This is the California Child Support Automation System (CCSAS). When completed in 2005, CCSAS will meet federal requirements for collecting and distributing child support payments. For 2002-03, the Administration will pursue federal legislation to eliminate the penalties currently imposed. This is discussed in more detail under the Department of Child Support Services.

The 2000 Budget Act provided funding for the Board to implement Chapters 478 and 480, Statutes of 1999, which expanded its responsibility for the collection of overdue child support payments until the statewide, automated system is in place. This interim system, known as the California Arrearage Management Project, was designed to provide centralized management of child support arrearages and was expected to increase child support collections by \$70 million annually when fully implemented.



However, due to a loss of federal funds for the project and the concerns that the interim system would delay CCSAS, the Board recommended that the interim system be scaled back.

Consistent with that recommendation, Chapter 111, Statutes of 2001, reduced the system requirements of the interim project, which is now called the Child Support Replacement Project, so that the Board's child support collection could continue without endangering the statewide project. The 2002-03 Budget adds 21.9 personnel years to augment the manual collection of child support arrearages and is expected to generate an additional \$19 million in child-support payments to families.

Board of Equalization

The Board of Equalization (Department) administers 21 tax programs, including the sales and use tax and the motor vehicle fuel license tax. These programs generate approximately 30 percent of General Fund revenue. The 2002-03 Governor's Budget proposes total expenditures of \$311.7 million and 3,657.9 personnel years for the Department.

In response to the State's fiscal condition, the Governor's Budget proposes a reduction in the Department's budget of \$7.6 million (\$6.2 million General Fund, \$1.4 million reimbursements) and 146 positions. This reduction, which represents three percent of the Board's General Fund budget, preserves

activities needed to ensure collection of the revenues critical to the operation of both State and local government.

In addition, the Budget proposes to address cigarette and tobacco tax evasion, which has steadily increased since the passage of Proposition 10 in 1998. The redirection of 9.9 personnel years of sales tax investigators to cigarette and tobacco tax investigation activities will help ensure that cigarette and tobacco product purchases are made from legitimate sources.

California Victim Compensation and Government Claims Board

The Victim Compensation and Government Claims Board (Claims Board) compensates victims of violent crimes and eligible family members for certain crime-related financial costs, considers civil claims against the State, and protects the public against improper acts of state agencies. The Budget proposes \$155.4 million and 342 personnel years for the Claims Board.

Hearing Officers—The Budget includes a redirection of \$468,000 (Restitution Fund) and five personnel years to implement the use of hearing officers in its victims claim program. The hearing officers will improve the level of services provided to victims by accelerating the timeframes in which appeals can be heard and resolved, traveling to the communities in which victims reside,



and offering additional privacy and personal attention to victims during the appeals process.

Claims Review Units—The Budget includes an augmentation of \$966,000 (Restitution Fund) to establish Claims Review Units within the Joint Powers Authority (JPA) counties that administer the victims of crime program locally. This augmentation will ensure the continued allocation of federal funding by providing for the implementation of audit findings resulting from a federal review of the JPAs' claims process.

Department of Veterans Affairs

The Department of Veterans Affairs is responsible for providing services to California veterans and their dependents. The Department administers the Cal-Vet Farm and Home Purchase Program, assists veterans in obtaining State and federal benefits to which they are entitled, and operates veterans homes in Yountville, Barstow, and Chula Vista. The Governor's Budget includes \$338.6 million and 1,831 personnel years to support the Department's various programs.

Since 1998-99, the General Fund operating budgets for the veterans homes has increased \$23 million, or 60 percent, over actual 1998-99 General Fund expenditures. This increase is attributable to the opening of the Chula Vista Home in 2000 and numerous program improvements that ensure that residents receive quality nursing and

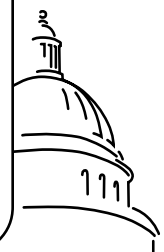
medical care. These enhancements demonstrate the Administration's continued commitment to improve the services offered to veterans at the Homes and include patient care staff recruitment and retention incentives, increases in medical and related staff, additional therapeutic and recreational staff, and significant environmental and facility improvements.

Barstow Veterans Home—The 2002-03 Budget for the operation of the Barstow Home anticipates that the Skilled Nursing Facility will achieve certification in early 2002. Additionally, it assumes that the Barstow Home will be fully occupied in all levels of care by September 2002.

Chula Vista Home—The Budget for the operation of the Chula Vista Home assumes the Home will receive Skilled Nursing Facility licensure in early 2002 and full occupancy in all levels of care will be achieved by September 2002.

Military Department

The Military Department is responsible for the command, leadership, and management of the California Army and Air National Guard, whose purpose is to provide military service support to California, as well as the nation. These services are provided through 118 armories, 10 air bases, and 3 army bases located throughout California. The Governor's Budget proposes \$95.9 million and 825 personnel years for the Department. The Department also



receives an additional \$464.1 million in federal funds that are not deposited in the State treasury.

The Budget includes reductions for the Department totaling \$1.4 million and one personnel year as follows:

- ❖ \$1 million for the Army Division Armory Maintenance program.
- ❖ \$155,000 for the Youth Programs Division.
- ❖ \$247,000 and one personnel year for the California Cadet Corps program.

Despite these reductions, the Military Department's proposed budget reflects an increase of \$39 million over expenditures in fiscal year 1998-99, including an increase of \$11.3 million General Fund to support programs such as the Turning Point Academy, Oakland Military Institute, California Cadet Corps, and the Veteran's Funeral Honor Guard program.

Terrorism/Bridge Guarding Support—

The Budget includes \$3.9 million federal funds for 2001-02 and \$6 million federal funds for 2002-03 to support the cost of providing military security support at the Golden Gate, San Francisco-Oakland Bay, Vincent Thomas, and Coronado bridges in response to the terrorist acts of September 11, 2001.

Turning Point Academy—The Budget includes \$3 million General Fund and 32 personnel years to continue the

operation of the Turning Point Academy, which is a reduction of \$4.4 million for this program. This reduced expenditure level for the budget year is based on a lower projected cadet enrollment. However, the Administration will propose legislation to expand the eligibility criteria for the program.

Department of Industrial Relations

The primary functions of the Department of Industrial Relations (DIR) are to protect the workforce, improve working conditions, and advance opportunities for profitable employment. The Governor's Budget proposes \$258.7 million and 2,616 personnel years for DIR. Since 1998-99, the total General Fund resources allocated for DIR programs have increased by \$14.1 million, or 10 percent. Specific programmatic enhancements over this period include a 21 percent increase for the Division of Occupational Safety and Health (DOSH), a 61 percent increase for the Division of Labor Standards Enforcement, and a 125 percent increase for the Division of Apprenticeship Standards.

The 2002-03 Budget for DIR reflects a General Fund reduction totaling approximately \$17.4 million. The majority of these reductions affect the Division of Workers' Compensation and DIR's administrative programs. General Fund savings is also achieved by maximizing the use of Targeted Inspection and Consultation Funds in DOSH and by



increasing the proportion of wage claims being paid directly from the Uninsured Employers Fund. As a result, DIR's important worker safety, labor standards enforcement, and job training programs are not affected by General Fund reductions in the Department.

Workers' Compensation Studies—

The 2002-03 Budget includes \$1.2 million for the Commission on Health and Safety and Workers' Compensation to conduct three new research projects related to the improvement of the workers' compensation permanent disability system and benefits. These proposed projects will analyze the use of social welfare programs by injured workers, determine the adequacy of future medical payments, and measure the full employer cost associated with injuries.

Farm Labor Contractor License Verification and Enforcement—

The Budget provides \$354,000 and four personnel years for the Division of Labor Standards Enforcement to implement Chapter 157, Statutes of 2001. Chapter 157 required the establishment of Farm Labor Contractor Verification and Enforcement Units to assist growers and other contractors with license verifications, and to enforce farm labor licensing requirements. This proposal also increases expenditure authority from the Farmworkers' Remedial Account (FRA) to address anticipated claims increases as a result of Chapter 147, Statutes of 2001, which expanded the types of payments that can be made from the FRA.

Department of Food and Agriculture

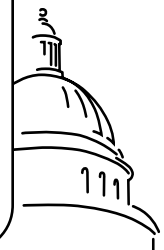
The Department of Food and Agriculture (DFA) is responsible for protecting and promoting California's agriculture, providing leadership in the development of agricultural policy, and enforcing weights and measures standards in commerce. The DFA's activities include prevention and eradication of harmful plant and animal pests and disease, marketing and export assistance to the agriculture industry, and assistance to county agricultural commissioners and local fairs. The Governor's Budget proposes \$259 million (\$103 million General Fund and \$156 million in other funds) and 1,937 personnel years for the Department.

Specialty Crop Support Program—

The Budget includes an augmentation of \$63.8 million in federal funds in 2001-02. Of these available funds, \$45 million has been set aside for market promotion and development programs such as "Buy California," an intrastate market promotion program that is currently supported by a General Fund appropriation and industry funds. Other proposed uses include agricultural research and pest management, and competitive grants in areas such as food safety, consumer education, and nutrition (including school nutrition).

Plant Pest Prevention Comprehensive Strategy—

The Budget continues \$11 million General Fund and 158 personnel years for the Plant Pest Prevention Comprehensive Strategy to reduce



the growing threat to California from invasive pests. This program permanently includes the Mediterranean Fruit Fly Preventative Release Program and related public outreach activities, including the maintenance of an Internet site.

Microbiological Data Program—The Budget includes \$700,000 in federal funds and six personnel years for California to participate in a new federal program testing fresh fruits and vegetables at the retail sale level. This data collection effort will allow for more intensive contaminant identification training in DFA chemistry labs. This funding will also allow DFA staff to be better prepared for potential outbreaks of food contamination.

Secretary of State

The Secretary of State (SOS) is the chief election officer of the State and is responsible for the administration and enforcement of election laws. The office is also responsible for the administration and enforcement of laws pertaining to filing documents associated with corporations and limited partnerships and for the preservation of documents and records having historical significance. The Budget proposes \$75.8 million and 451 personnel years for the Secretary of State's Office.

Business Automation Program Phase II—The Budget proposes \$5.7 million Business Fees Fund to continue funding for the second phase

of the Business Automation Program. Phase I of this project, funded in the 2000 Budget Act, will address standardization of the Uniform Commercial Code. Phase II will automate other business processes with overall goals to provide accurate and reliable data, standardize and simplify the processing of business and security interest filings, reduce turnaround time, and provide services through the Internet.

Local Mandate Funding

Article XIII B, Section 6 of the California Constitution, requires the State to provide a subvention of funds to reimburse local governments for the costs of increased levels of service whenever the Legislature or any State agency mandates a new program or higher level of service on any local government entity, unless specified exemptions apply. Over the past several years, appropriations for reimbursable state mandated local programs have been deficient by significant amounts. Because local entities have up to 18 months after the year in which costs were incurred to submit reimbursement claims, these deficiencies are largely due to claims submitted against prior budget acts.

Based on the most recent deficiencies, the 2001 Budget Act includes \$18.0 million set aside in the reserve to fund deficient appropriations for reimbursable state mandated local programs, anticipated to be funded in the 2002 Mandates Claims Bill. The 2002-03 Budget proposes an additional \$30 million.

